

A guide to forward to your tenant

For your tenant: TDS on rent paid to an NRI

Your landlord lives outside India. Under Indian tax law, that means you must deduct tax from the rent before paying it. Here's how, in five steps.

FIVE STEPS

1. **Get a TAN** (Tax Deduction Account Number). Apply online; it usually takes a few days.
2. **Deduct about 31.2%** from each rent payment (30% tax plus 4% cess; surcharge applies only on very high rents). If your landlord gives you a lower-deduction certificate, use the rate on that certificate instead.
3. **Deposit the tax online** by the 7th of the following month.
4. **File the quarterly TDS return** for payments to non-residents by its due date.
5. **Send your landlord the TDS certificate** every quarter.

Example: monthly rent ₹50,000. TDS at 31.2% = ₹15,600. You pay the landlord ₹34,400 and deposit ₹15,600 with the government.

Why it matters to you: if TDS isn't deducted, the tenant is treated as being in default and can face interest, late fees and penalties.

Landlord's box

- ☐ Give your tenant your PAN and this guide before the lease starts
- ☐ Put the TDS clause in the leave-and-licence agreement
- ☐ Ask your CA whether a lower-deduction certificate makes sense for you
- ☐ Check every quarter that the tax shows in your tax statement (Form 26AS or AIS)

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